



HONG KONG MONETARY AUTHORITY

香港金融管理局

Our Ref: B9/178C, B1/21C
B1/15C

31 October 2017

The Chief Executive
All authorized institutions

Dear Sir / Madam,

Revision of Supervisory Policy Manual (SPM) Module
IC-2 “Internal Audit Function”

I am writing to inform you that, following consultation with the two industry Associations, the Monetary Authority (MA) has issued a revised version of the above SPM module as a guidance note today.

The SPM module was revised primarily to incorporate the relevant guidelines issued by the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB). Among other things, the revised SPM provides enhanced guidance on the roles and responsibilities expected of an AI's internal audit function and Audit Committee. It also sets out the supervisory actions that may be taken if the MA becomes aware of deficiencies in an AI's internal audit function.

On-line access to the SPM module is available on the HKMA's public website (<http://www.hkma.gov.hk/eng/key-functions/banking-stability/supervisory-policy-manual.shtml>) and private website (<http://www.stet.iclnet.hk/index.htm>).

The revised SPM module will take effect from 1 January 2018. If you have any questions or if your AI has difficulty in meeting this implementation timeline, please approach your usual supervisory contact at the HKMA.

Yours faithfully,

Daryl Ho
Executive Director (Banking Policy)

Encl

cc: The Chairperson, The Hong Kong Association of Banks
The Acting Chairperson, The DTC Association
FSTB (Attn: Ms Eureka Cheung)